

Appl. No.: 09/812,452
Amdt. dated 04/13/2006
Reply to Office action of January 18, 2006

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Amendments to the Claims:

1. (Currently Amended) A hybrid credit card transaction system for processing a transaction, initiated by a cardholder using a hybrid credit card, as either one of a group of virtual standard transactions routed through a clearinghouse or as one of a group of virtual closed loop transactions bypassing the clearinghouse, said transaction system comprising:

a hybrid credit card;

a logic-enabled merchant having a point-of-sale terminal including program logic operable to identify the hybrid credit card and to label the transaction using the hybrid credit card as being one of the virtual closed loop transactions;

an affiliated acquiring entity configured to acquire and direct the virtual standard transactions to the clearinghouse and configured to acquire and direct the virtual closed loop transactions so as to bypass the clearinghouse; and

an affiliated card issuing entity accepting the virtual standard transactions from the clearinghouse and debiting a credit card account and accepting the virtual closed loop transactions and debiting a private label account;

wherein the acquiring entity and card issuing entities are separate entities affiliated by an agreement to bypass the clearinghouse.

2. (Original) The hybrid credit card transaction system of claim 1, further comprising a processing element having an incentive fee structure that returns an incentive to the cardholder for conducting virtual closed loop transactions with the hybrid credit card.

3. (Original) The hybrid credit card transaction system of claim 2, wherein said incentive is in proportion to a fee avoided when bypassing the clearinghouse.

4. (Original) The hybrid credit card transaction system of claim 1, further comprising a processing element having an incentive fee structure that returns an incentive to the merchant for conducting virtual closed loop transactions with the hybrid credit card.

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5. (Original) The hybrid credit card transaction system of claim 2, wherein said incentive is in proportion to a fee avoided when bypassing the clearinghouse.

6. (Original) The hybrid credit card transaction system of claim 1, wherein said hybrid credit card includes a card identifier having a first string identifying the virtual closed loop transactions and a second string identifying the virtual standard transactions, said card identifier detectable by the program logic of the logic-enabled merchant.

7. (Original) The hybrid credit card transactions system of claim 6, wherein said first string includes a merchant category code modified to identify the virtual closed loop transactions.

8. (Original) The hybrid credit card transaction system of claim 1, wherein the logic-enabled merchant is one of a group of affiliated merchants participating in sales on an internet site.

9. (Original) The hybrid credit card transaction system of claim 8, wherein the cardholders are small businesses and the internet site is a marketplace for business-to-business transactions.

10. (Original) The hybrid credit card transaction system of claim 1, wherein the credit card account includes a revolving credit line.

11. (Original) The hybrid credit card transaction system of claim 1, wherein the private label line of credit is an unsecured credit line that must be periodically paid in full.

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12. (Original) The hybrid credit card transaction system of claim 1, wherein the affiliated card issuing entity issues separate periodic statements of transaction activity on the private label line of credit and the credit account to the cardholder.

13. (Currently Amended) The hybrid credit card transaction system of claim 1, ~~further comprising anywhere in the~~ affiliate agreement is further agreed upon by the logic enabled merchant, ~~the affiliated acquiring entity and the affiliated card issuing entity~~, said affiliate agreement further defining a fee structure for crediting and debiting fees resulting from the virtual closed loop transaction amongst the logic enabled merchant, the affiliated acquiring entity and the affiliated card issuing entity.

14. (Currently Amended) A method of processing a transaction, initiated by a cardholder using a hybrid credit card, as either one of a group of virtual standard transactions routed through a clearinghouse or as one of a group of virtual closed loop transactions bypassing the clearinghouse, said method of processing a transaction comprising:

identifying the hybrid credit card using program logic at a point-of-sale of a logic enabled merchant and labeling the transaction using the hybrid credit card as being one of the virtual closed loop transactions;

acquiring and directing the virtual standard transactions to the clearinghouse and acquiring and directing the virtual closed loop transactions so as to bypass the clearinghouse using an affiliated acquiring entity; and

accepting the virtual standard transactions from the clearinghouse and debiting a credit card account and accepting the virtual closed loop transactions and debiting a private label account using an affiliated card issuing entity;

wherein the affiliated acquiring entity and affiliated card issuing entities are separate entities affiliated by an agreement to bypass the clearinghouse.

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15. (Original) The method of processing a transaction of claim 14, further comprising the step of issuing the hybrid credit card to the cardholder before use in the transaction.

16. (Original) The method of processing a transaction of claim 14, further comprising the step of returning an incentive to the cardholder for conducting virtual closed loop transactions with the hybrid credit card.

17. (Original) The method of processing a transaction of claim 14, further comprising the step of returning an incentive to the merchant for conducting virtual closed loop transactions with the hybrid credit card.

18. (Original) The method of processing a transaction of claim 14, wherein said identifying the hybrid credit card step includes identifying, using the program logic, a card identifier having a first string indicating the virtual closed loop transactions and a second string indicating the virtual standard transactions using the program logic.

19. (Original) The method of processing a transaction of claim 18, wherein said identifying the hybrid credit card step includes identifying the first string having a merchant category code modified to indicate the virtual closed loop transactions.

20. (Original) The method of processing a transaction of claim 14, further comprising the step of enrolling the logic-enabled merchants into a group of affiliated merchants participating in sales on an internet site.

21. (Original) The method of processing a transaction of claim 20, wherein the step of enrolling includes enrolling cardholders that are small businesses to participate in business-to-business transactions with the affiliated merchants.

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22. (Original) The method of processing a transaction of claim 14, wherein in the step of accepting the virtual standard transactions includes debiting a revolving credit line.

23. (Original) The method of processing a transaction of claim 14, wherein the step of accepting the virtual closed loop transactions includes debiting an unsecured credit line that must be periodically paid in full.

24. (Original) The method of processing a transaction of claim 14, further comprising the step of issuing separate periodic statements of transaction activity on the private label line of credit to the cardholder.

25. (Original) The method of processing a transaction of claim 14, further comprising the step of defining a fee structure for crediting and debiting fees resulting from the virtual closed loop transaction and agreed upon by the logic enabled merchant, the affiliated acquiring entity and the affiliated card issuing entity.

26. (Withdrawn) A product rollout method usable by an affiliated card issuing entity for promoting transactions between small businesses and affiliated and non-affiliated merchants, said product rollout method comprising:

- providing an internet site for sales by the affiliated merchants to the small businesses;
- registering the small businesses for transactions on the internet site;
- offering a private label account and a credit card account to each of the small business registered on the internet site;
- issuing a hybrid credit card usable to initiate transactions debiting both the private label account and the credit card account to the registered small businesses;
- clearing transactions with non-affiliated merchants to the credit card account for a fee; and

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clearing transactions with affiliated merchants on the internet site to the private label line of credit for a second fee that is lower than the first fee such that transactions on the internet site and adoption of the hybrid credit card are promoted.

27. (Withdrawn) The product rollout method of claim 26, wherein said clearing transactions with affiliated merchants step includes identifying the hybrid credit card using an identification number associated with the hybrid credit card.

28. (Withdrawn) The product rollout method of claim 26, wherein said clearing transactions with non-affiliated merchants includes clearing transactions through a clearinghouse.

29. (Withdrawn) The product rollout method of claim 28, wherein said clearing transactions with affiliated merchants includes bypassing the clearinghouse and avoiding clearinghouse fees.